THE PROPOSED FY 79 DEFENSE BUDGET

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COMMANDERS DIGEST

THE PROPOSED FY BU

The proposed Department of Defense budget and projections through FY 1983 reflect continued growth which will permit improved readiness of our forces and the modernization so necessary to the effective implementation of our national security objectives.

The budget for FY 1979 and the projections for future years also meet President Carter's goal of insuring that U.S. military forces are fully adequate to their tasks, but at the same time lean and efficient. The FY 1979 budget Total Obligational Authority (TOA) is $126 billion, an increase of about 2 percent over FY 1978. In outlays, the budget is $115.2 billion, an increase of more than 3 percent. (*Percentages adjusted for inflation.*)

The FY 1979 budget (TOA) is $8.4 billion less than that projected by President Ford. In outlays it is $5.6 billion less. In both TOA and outlays, President Carter's projections for this and future years average $7 billion a year less than President Ford's. The savings reflect continued emphasis on essential modernization and readiness, deferral or cancellation of marginal programs and further improvements in the efficiency and effectiveness of the Defense establishment.

The FY 1979 budget provides for an increase of $9.2 billion in Total Obligational Authority above the FY 1978 revised level. In terms of constant dollars it will provide real growth of $2.3 billion in TOA and $3.5 billion in outlays. Within these totals, however, there is a significant reordering of military priorities. The budget provides substantial resources for modernizing our conventional forces and improving their capabilities within the NATO alliance. Initiatives include a wide range of measures to improve the readiness of our early deploying forces. The results of these initiatives, accompanied by companion efforts on the part of our allies, should lead to a further increase in NATO effectiveness.

On the other hand, a number of constraints have been applied to Department of Defense programs within the overall budget level. The Navy shipbuilding program has been restrained pending completion of studies on how best to carry out the sea control, power projection, and peacetime presence functions of the Navy.

79 DEFENSE DGET

By HAROLD BROWN
Secretary of Defense

Moreover, this slower rate will enhance efforts to improve management of this important program and to ensure a quality to the estimates which will reverse the cost growth trends experienced over the past nine years. Military construction, while growing from the severely depressed FY 1978 budget level, has been restrained from the previous projections of the Ford administration pending further review of our long range domestic facilities requirements. Military and civilian strength levels have been reduced, further reflecting the continuation of efforts to increase the efficiency of the Department of Defense support structure.

The adequacy of the Defense budget cannot be assessed in terms of its own dollar level alone. The amount requested is large. However, since 1964 we have witnessed a sustained growth and modernization of the Soviet strategic and tactical forces, and the adequacy of the budget must be assessed in terms of trends in the worldwide military balance. Stated simply, the U.S. interests, international turbulence, and Soviet capabilities constitute the starting point for U.S. defense planning. While consideration of these points leads inevitably to the requirement for growth in the resources allocated to the national defense, appropriate restraint in our programs is still warranted. The FY 1979 DoD budget is based upon such restraints.

Highlights of the Defense budget, including five year projections, are as follows:

Financial

• The FY 1979 estimates and the FY 1979-83 projections assume favorable Congressional action upon a legislative proposal to reform the method for setting

DEFENSE NEWS BRIEFS

TOMAHAWK on Display

The Navy's first submarine launched cruise missile, TOMAHAWK, has been donated to the Smithsonian Institution's National Air and Space Museum, Washington, D.C. The missile, minus its essential engine and guidance system, will be part of an historical display depicting cruise missile development.

TRIDENT Missile Testing

The tenth flight model of Navy's new long-range TRIDENT missile was successfully launched on Jan. 17 at Cape Canaveral Eastern Test Range. All three stages of the long-range missile functioned as intended and the missile's instrumented payload impacted in the Atlantic target area.

The test series includes three phases: 20-25 flights from the land pad, another 5-10 from a converted POSEIDON submarine, and finally shakedown operations, including missile flight tests, from the TRIDENT submarine. The first TRIDENT missile launch from a submarine is projected for spring 1979.

A-10s to Europe

The first overseas wing of the new A-10 close air support aircraft will be stationed in Europe in early 1979 to strengthen NATO's conventional defense.

The move will be made by reequipping the 81st Tactical Fighter Wings, currently flying F-4s, at Royal Air Force stations Brentwaters and Woodbridge, U.K.

Transition training for A-10 pilots will begin in August 1978 at Davis Monthan Air Force Base, Ariz. There will be no significant increase in U.S. Air Force personnel at the two U.K. stations as the F-4s there are programmed to leave.

New Army Badge

Army's Air Assault Badge may now be worn Army-wide, not just by qualified soldiers of the 101st Airborne Division (Air Assault), Ft. Campbell, Ky. Chief requirement for wearing the badge as a permanent part of the uniform is certified completion of the Air Assault Course on or after April 1, 1974.

The Army Military Personnel Center is making the necessary change in AR 672-5-1 which sets forth requirements for earning this badge.

Air Assault Badge

Promo-Policy Change

Army has changed its policy concerning release and publication of officer recommended promotion lists.

Nomination lists, involving all regular officer promotions and temporary and Reserve promotions to lieutenant colonel and colonel, can now be released immediately following Secretary of the Army approval, with the notation that Presidential and Senate concurrence are necessary.

Previously, such lists were not released until both Congress and the White House had signed off.

Lists not requiring Senate or Presidential action—promotions to temporary and Reserve CWO-3, CWO-4, captain and major—have always been published following Secretary of the Army approval.

AFRTS Shortwave Funding

American Forces Radio and Television Service (AFRTS) and the Voice of America (VOA) are in the process of developing appropriate arrangements to fund continued AFRTS shortwave broadcasting over VOA transmitters.

VOA has agreed to continue broadcasting AFRTS on VOA transmitters pending a review. Since 1966, VOA has provided shortwave radio transmissions of AFRTS news and information programs at no cost to DoD.

More than 95 percent of AFRTS programming transmissions to Armed Forces members and their dependents is via underseas cable and satellite circuits rather than shortwave.

wage levels for wage board employees.

• Until this year, the military assistance program (MAP) was part of the national Defense function in the President's budget, and has been included in past presentations of the Defense budget. After consultation with the Congress, the decision was reached to shift MAP from the Defense function to International Affairs. Thus, the budgetary information presented here will exclude MAP for all years (rather than just FY 1979) in order to provide a consistent series. The budgetary exclusions for MAP TOA are in the following amounts: FY 1977, $.9 billion; FY 1978, $1 billion; and FY 1979, $.9 billion.

Total Obligational Authority (TOA)

• *FY 1978* TOA is estimated at $116.8 billion which includes Congressional action to date as well as supplemental appropriation requests of $2.75 billion. The major portion of the supplemental is for military and civilian pay raises which became effective in October 1977.

• *FY 1979* TOA at $126.0 billion is an increase of $9.2 billion over the estimated FY 1978 level. After allowing for pay raises and price increases, the budget would provide a real increase of about $2.3 billion above the FY 1978 level.

• For the years FY 1980–83, TOA is projected at $137.2 billion, $148.6 billion, $160.5 billion, and $172.7 billion, respectively. After allowing for pay raises and price increases, the annual real increments for FY 1980 and thereafter would be $3.4 billion, $3.6 billion, $3.6 billion, and $3.7 billion, respectively.

Outlays

• *FY 1978* outlays are currently estimated at $105.3 billion.

• *FY 1979* outlays are estimated at $115.2 billion. At this level, Defense represents 23.0 per cent of the total Federal Budget and 5.1 per cent of the Gross National Product.

• For the years FY 1980–83, outlays are projected at $125.8 billion, $136.5 billion, $147.9 billion, and $159.5 billion, respectively.

Major Budget Changes

• A number of changes and reordering of priorities are reflected within the FY 1979 procurement program which

The Army's AH-1 gun ship (top photo), according to the proposed FY 79 budget, will be modified to carry the TOW missile, which was originally conceived as a ground weapon, shown in bottom photo.

remains relatively level in terms of real purchasing power.

The FY 1979 program places priority and emphasis on those Army and Air Force weapons systems, munitions and support equipments which are most closely identified to our NATO combat capability and commitments.

• Increases are programed for the UH-60A Blackhawk and CH-53 helicopters and for the A-10, A-4 and F-16 aircraft programs. Production funding will be initiated for the Navy F-18 and the Advanced Tanker/Cargo Aircraft. Continued high priority is placed on the cruise missile program with the Air Launched Cruise Missile (ALCM) being accelerated in production and the Ground Launched Cruise Missile (GLCM) being provided with long-leadtime production funds.

Emphasis in aircraft modifications is on the conversion of Army AH-1 gun ships to the tube launched, optically tracked, wire guided (TOW) missile configuration; on Navy fighter aircraft and helicopter modernization; and on the Air Force B-52, EF-111 and Civil Reserve Aircraft Fleet (CRAF). Funds are included for the first quantity production of the XM-1 tank and for production facilities for the PATRIOT missile. Increases are provided for communications, electronics and ammunition programs in order to modernize these inventories and build toward required levels.

The DoD effort to expand NATO standardization of weapon systems is continued. In this light, the FY 1979 program provides for U.S. procurement of the French/German designed ROLAND surface-to-air missile system; procurement of Belgian machine guns for armored vehicles; procurement of the British L16A2 mortar and ammunition, procurement of the British smoke grenade launcher and ammunition for armored vehicles, and procurement of German artillery training ammunition. Efforts continue to maximize commonality of the XM-1 and LEOPARD II tanks.

• The most significant procurement decreases are in shipbuilding and strategic missile programs. Shipbuilding is $1.1 billion lower than the amount approved by Congress in FY 1978. More than half is due to the procurement of one less TRIDENT submarine, in keeping with the pattern of three TRIDENT subs every two years as presented to the Congress last year. The rest of the decrease is primarily associated with a two-ship reduction—from 11 to 9—in other combatants. No funds are included in FY 1979 for any sea-based aircraft platforms, including any follow-on ships to the air-capable destroyer, added in FY 1978 by the Congress, pending completion of several shipbuilding studies, one of which was directed by the Congress last year. The TRIDENT missile program reflects a lower production rate consistent with planned submarine deployments, while the MINUTEMAN decrease reflects the completion of production and of force modernization with FY 1978 funding.

• There is program growth ot $.4 billion in RDT&E, consisting primarily of efforts to improve performance of our NATO-oriented weaponry. A new effort, consisting of a group of programs which can either be co-developed with or bought "off-the-shelf" from NATO countries, is proposed in FY 1979. Other programs which will receive additional emphasis in FY 1979 are the Army's Division Air Defense (DIVAD) gun, surface-to-surface missile rocket, assault breaker missile, and remotely piloted vehicles (RPVs); Navy vertical/short take-off-landing (V/STOL) aircraft and surface-to-air weapons; Air Force space programs and night attack aircraft development. The B-1, F-15, F-16, F-18, XM-1 Tank, and the TOMAHAWK and TRIDENT I missile programs decrease as their development nears completion.

The DoD effort to expand NATO standardization of weapons systems will continue. This LEOPARD II tank, shown on maneuvers in West Germany, is one system earmarked for maximized commonality.

• In operation and maintenance (O&M), $1 billion of real growth is proposed primarily for readiness related activities such as ship and aircraft operations, depot level maintenance of equipment, and supply operations. Priority has been given to those activities and functions that will further increase the combat capability and readiness of our NATO forces. These include increased emphasis on training exercises, supply and repair responsiveness and unit manning. Following the pattern initiated last year, the FY 1979 O&M fund requests are based upon purchase prices expected to prevail in that year. Prior to FY 1978, O&M fund requests were based upon prices prevailing when the estimates were prepared, and inflation significantly eroded the readiness base before the year began.

• Military construction and family housing programs are up about $.8 billion over the FY 1978 program, which was abnormally low because of a partial moratorium placed on domestic new construction. Approximately 25 per cent of the FY 1979 construction program is for facilities in Europe required to enhance the U.S. capability to reinforce NATO and to increase the survivability of U.S. NATO augmentation forces. These include such things as hardened aircraft shelters and command and control centers, forward storage facilities for prepositioned combat equipment and ammunition and alternate runways for airfields. In CONUS and other overseas areas, the program continues to provide modern facilities to support personnel and advanced weapons systems.

• Military personnel TOA declines by about $.2 billion in real terms, reflecting reductions in active (-20 thousand) and Reserve (-14 thousand) military end strengths. The lower active strength levels reflect planned efficiencies in support areas, primarily in training, offset by increases in combat forces supporting NATO. The savings resulting from these strength decreases are offset in part by increases related to extension of travel and transportation entitlement to dependents of junior enlisted personnel assigned overseas, and to payment of reenlistment bonuses on a lump-sum, rather than installment basis.

• Retired pay increases by about $.4 billion in FY 1979, related to an increase of nearly 43,000 in the average number of retirees and survivors on the rolls in FY 1979.

Forces

• Strategic missile force levels remain constant in FY 1979. By end FY 1978, the force will consist of 450 MINUTEMAN II missiles, 550 MINUTEMAN III missiles, 54 TITAN II missiles, 10 POLARIS submarines, and 31 POSEIDON submarines.

• The number of B-52 and FB-111 squadrons remains at 24.

• Activation of the major units in the 24 Army Division force structure (16 Active and 8 Reserve Components) has been completed. The FY 1979 budget provides for the training necessary to maintain a high level of combat readiness. The Army program to convert from light infantry to mechanized infantry will continue in FY 1979 with elements of two divisions scheduled for conversion.

• Three Marine Corps active Divisions are continued in FY 1979.

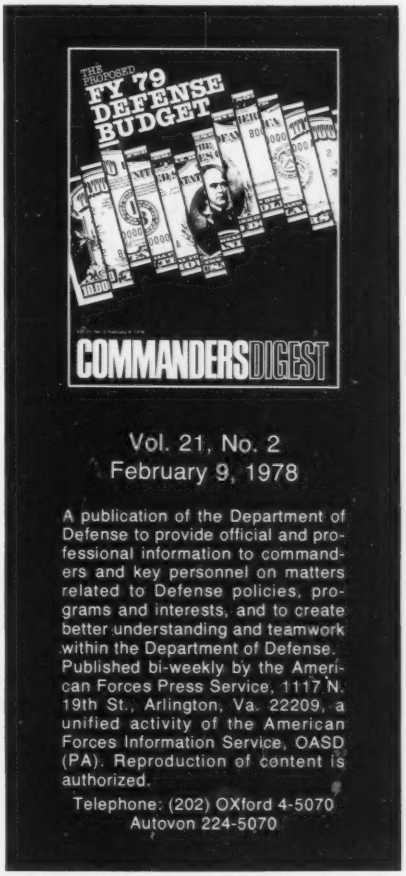
• The Air Force continues with plans to bring the 26 Tactical Fighter Wings currently in its active force structure up to full strength. During the period FY 1978 to end FY 1979, one F-105, seven F-4, and three A-7 squadrons will be replaced by eight F-15 and six A-10 squadrons.

• The Navy will operate 13 attack carriers and 12 air wings throughout FY 1979. The Marines will maintain 3 air wings.

• The nuclear attack submarine force will increase from 70 to 73 through the introduction of 4 nuclear submarines from new construction offset by inactivation of USS NAUTILUS.

• The net increase of six other warships in FY 1979 results from delivery of 8 destroyers from new construction, offset by the inactivation of one destroyer and one diesel submarine.

• The delivery of an amphibious assault ship (LHA) from new construction accounts



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for the increase of one amphibious ship in FY 1979.

Manpower

- Active military manpower decreases by 20,000 in FY 1979, as a result of planned efficiencies in the operation of Military Department training programs. The Selected Reserve strength is expected to decline by 14,000 with Army Reserve and Guard increases partially offsetting Navy decreases.
- Civilian manpower should be down about 13,000. This reduction results in part from the same actions which make possible the military reductions. Minor adjustment to the level of base operations support plus a lower workload at Naval Air Rework Facilities account for the balance of the reduction.
- Defense-related employment in industry increases substantially. Net real increases in Defense programs have been applied to industry purchases and not to direct employment. Industry employment is projected to rise 120,000 from September 1977 to September 1978, and another 120,000 by September 1979.

Summary

The FY 1979 budget is austere but adequate to maintain a strong national security posture. It has been formulated in consideration of the demands on the Government's revenue for domestic programs and a national commitment to the physical security of our country—on which all else depends. It is a budget that merits the full support of Congress and the American people.

A CH-53 helicopter, programmed for an increase in the FY 79 budget proposal, aids Marine troops in air assault training. Under the proposed FY 79 budget, three Marine Corps active divisions will be continued.

WHO'S NEWS IN DEFENSE

Gen. James

RETIREMENTS

Gen. Daniel James, Jr., USAF, Special Assistant to the Chief of Staff, USAF, formerly Commander-in-Chief, North American Air Defense Command and Commander-in-Chief, Aerospace Defense Command, has been retired, in grade, for medical reasons effective Feb. 1, 1978.

Lt. Gen. John H. Cushman, USA, Commanding General, I Corps (Republic of Korea/United States) Group, will be retired in grade.

REASSIGNMENTS

VAdm Donald C. Davis, presently serving as Director, Navy Program Planning, Office, Chief of Naval Operations will be reassigned as Commander, Seventh Fleet.

Lt. Gen. Howard M. Fish, USAF, will be reassigned as Assistant Vice Chief of Staff, Headquarters, USAF, effective March 1, 1978. He is currently assigned as Deputy Assistant Secretary of Defense (Security Assistance) and Director, Defense Security Assistance Agency.